



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • www.lacdc.org

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich
Commissioners

June 21, 2016

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY, EXCESS WORKERS' COMPENSATION, EXCESS
LIABILITY, AND CRIME AND POLLUTION INSURANCE FOR THE COMMUNITY DEVELOPMENT
COMMISSION AND THE HOUSING AUTHORITY
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the purchase of property, excess workers' compensation, excess liability, and crime and pollution insurance for the Community Development Commission (Commission) and the Housing Authority.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the purchase of property, excess workers' compensation, excess liability, and crime and pollution insurance, at a premium cost not to exceed \$1,500,000 for the period from July 1, 2016 to June 30, 2017, brokered through Alliant Insurance Services, Inc.
2. Authorize the Executive Director, or his designee, to purchase the property, excess workers' compensation, excess liability, and crime and pollution insurance, and to make payments, as needed, for workers' compensation and general liability claims, using funds included in the approved Fiscal Year 2016-2017 budgets of the Commission and Housing Authority.
3. Designate the Executive Director, or his designee, as the representative for the Commission with regard to all official matters for the California State Association of Counties Excess Insurance Authority (CSAC EIA).
4. Find that the purchase of insurance is not subject to the provisions of the California Environmental

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

3-D June 21, 2016


LORI GLASGOW
EXECUTIVE OFFICER

#3-D OF JUN 21 2016

Quality Act (CEQA) because the action will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to purchase property, excess workers' compensation, excess liability, and crime and pollution insurance for the Commission and the Housing Authority, under the Joint Purchase Programs created by Alliant Insurance Services, Inc. (Alliant). The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retention amounts. Excess coverage limits the Commission and Housing Authority's exposure in case of substantial losses relating to liability and workers' compensation.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The total annual premium cost is anticipated to be approximately \$1,250,000 and will not exceed \$1,500,000. Insurance premiums will be funded using various sources included for this purpose in the Commission and Housing Authority's approved Fiscal Year 2016-2017 budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Commission and Housing Authority participate in a Joint Purchase Program provided by Alliant. The property, excess workers' compensation, excess liability, and crime and pollution insurance programs take advantage of the combined purchasing power of public agencies to obtain insurance at rates below those available individually in the insurance marketplace. These programs are underwritten by numerous insurance carriers and all are rated "A-" (Superior to Excellent) by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance.

Excess workers' compensation insurance is provided and purchased through the CSAC EIA, which is a risk sharing pool of California public agencies. CSAC EIA requires the governing board of each member entity to designate a representative to act upon official matters such as execution of documents, receipt and administration of any risk management subsidy funds, insurance dividends or "no claim" bonus funds, and insurance premium adjustments. Any such funds will be reserved for risk management purposes.

The Joint Purchase Programs provided by Alliant offer excess liability, automobile liability, public officials errors and omissions, and employment practices liability insurance under the California Municipal Excess Liability (CAMEL) Program; as well as property insurance under the Public Entity Property Insurance Program (PEPIP). Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as these programs. These coverages, usually purchased separately for an additional premium, are included as part of the broad master policy.

Due to substantial losses claimed by the Housing Authority during the past year, PEPIP issued a non-renewal notice for our property insurance. These losses were primarily due to two incidents of water intrusion and flooding at the West Knoll senior public housing development in West Hollywood, which occurred during unseasonably heavy rainstorms in July and September of 2015, while work on the roof was underway.

Alliant has requested that PEPIP provide renewal terms and has extensively marketed the property coverage for the Commission and the Housing Authority to over 60 carriers (including two programs created specifically for housing risks). Alliant continues to finalize options and has recommended a "not to exceed" cost of \$950,000 for the property insurance, which is included in the \$1,500,000 total annual "not to exceed" premium cost.

ENVIRONMENTAL DOCUMENTATION

The purchase of insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34(a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed insurance will provide required coverage for Commission and Housing Authority properties and activities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:MF:ry